

1 BILL NO. R-81-07-10

2 RESOLUTION NO. R- 53-81

3
4 A RESOLUTION approving the filing of an
5 application with the U.S. Department of
6 Housing and Urban Development for an
7 Urban Development Action Grant for Housing
8 Rehabilitation Loan Program.

9 WHEREAS, the Housing and Community Development Act of 1977
10 authorizes the making of grants of federal funds to eligible
11 units of local government for the purpose of carrying out urban
12 development action projects; and

13 WHEREAS, the City of Fort Wayne is eligible to apply for
14 such urban development action grants by virtue of certain con-
15 ditions of distress; and

16 WHEREAS, the Common Council of the City of Fort Wayne deems
17 it to be necessary and in the public interest to seek federal
18 grant funds to help alleviate the conditions of distress that
19 affect the City; and

20 WHEREAS, the City of Fort Wayne, working with local finan-
21 cial institutions, has proposed a project that appears to be
22 suitable for an urban development action grant; and

23 NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF
24 THE CITY OF FORT WAYNE, INDIANA:

25 SECTION 1. That the proposed application for an Urban
26 Development Action Grant dated July 31, 1981, entitled Housing
27 Rehabilitation Loan Program is hereby approved.

28 SECTION 2. That the Mayor, as the Chief Executive, acting
29 for and on behalf of the City, is hereby authorized and directed
30 as follows:

31 (a) To file said application with the U.S. Department of
32 Housing and Urban Development in accordance with the Department's
regulations, on or prior to July 31, 1981.

(b) To serve as the authorized representative of the City

of Fort Wayne in connection with the application and to provide HUD with such additional information, documentation, understandings, or assurances as may be required.

(c) To execute such other documents as may be required; to execute a contract for financial assistance if such contract is offered; and to execute any amendments, recisions and revisions thereto.

(d) The Mayor may delegate any or all of the foregoing duties to any subordinate officer, board or commission directly responsible to him, as he deems necessary or appropriate; provided that such designee shall function only in the Mayor's name and no contract, agreement or arrangement negotiated by him shall be binding upon the City unless approved by the City Attorney as to form and legality, signed by the Mayor and, if it involves financial commitments by the City, ratified by the Common Council.


COUNCILMAN

APPROVED AS TO FORM AND
LEGALITY JULY 10, 1981.


BRUCE O. BOXBERGER, CITY ATTORNEY

Read the first time in full and on motion by _____, seconded by _____, and duly adopted, read the second time by title and referred to the Committee _____ (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on _____, 19____, the _____ day of _____, at _____ o'clock _____ M., E.S.T.

DATE: _____

CHARLES W. WESTERMAN
CITY CLERK

Read the third time in full and on motion by V. Detmold, seconded by A. Lee, and duly adopted, placed on its passage. PASSED (~~2087~~) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>9</u>	_____	_____	_____	_____
<u>BURNS</u>	<u>X</u>	_____	_____	_____	_____
<u>EISBART</u>	<u>X</u>	_____	_____	_____	_____
<u>GIAQUINTA</u>	<u>X</u>	_____	_____	_____	_____
<u>NUCKOLS</u>	<u>X</u>	_____	_____	_____	_____
<u>SCHMIDT, D.</u>	<u>X</u>	_____	_____	_____	_____
<u>SCHMIDT, V.</u>	<u>X</u>	_____	_____	_____	_____
<u>SCHOMBURG</u>	<u>X</u>	_____	_____	_____	_____
<u>STIER</u>	<u>X</u>	_____	_____	_____	_____
<u>TALARICO</u>	<u>X</u>	_____	_____	_____	_____

DATE: 7-14-81

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP) (GENERAL) (ANNEXATION) (SPECIAL) (APPROPRIATION) ORDINANCE (RESOLUTION) No. B-53-81 on the 14th day of July, 19 81.

ATTEST:
Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

(SEAL)
John Nuckols
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 15th day of July, 19 81, at the hour of 11:30 o'clock A. M., E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 20th day of July, 19 81, at the hour of 11 o'clock A. M., E.S.T.

Winfield C. Moses, Jr.
WINFIELD C. MOSES, JR.
MAYOR

ONLY A UDAG
APPLICATION FOR GRANT.
-CHANGES

UDAG HOUSING REHABILITATION
LOAN PROGRAM

PROGRAM DESCRIPTION

The Urban Development Action Grant herewith proposed requests \$1,350,00 to match \$4,650,000 from committed private lenders to form a residential rehabilitation loan fund at below market interest rates. These loans will be made available to owner-occupants of properties located outside the CDBG neighborhood strategy areas, yet within specially targeted impact areas threatened by blight and physical deterioration. These neighborhoods vary in their degree of rehabilitation need, therefore the basic program strategy will be adjusted to address particular needs of these neighborhoods. The primary goal will be to stop the spread of blight, stabilize portions of these impact areas, and provide needed assistance, particularly to low and moderate income residents.

Eligible properties will include owner-occupied one to four unit residential structures in need of substantial to moderate rehabilitation. All participating properties will be brought to a minimum of City Property Rehabilitation Standards (CPRS), which exceed HUD's minimum property standards.

The principal objective in improving the condition of the existing housing stock will be implemented through the \$6,000,000 loan fund which is expected to finance the rehabilitation of at least 600 dwelling units over a period of three (3) years. Applications will result from resident requests, comprehensive marketing, and systematic code enforcement.

Concurrent with the improvement of deteriorating housing, it is necessary to ensure the maintenance of standard housing. Housing improvement financing will be available for general property improvements as well as code compliance. HUD Section 312 regulations will govern the ratio of 40% GPI to 60% code compliance on each individual project. In addition, all HUD's energy conservation requirements will be required.

To provide incentive and assistance to owner-occupants of low and moderate income levels, the City will establish an interest reduction program. The UDAG portion will provide a 0-9% low interest loan to the homeowner to reduce the overall rate of interest, allowing the home owner to more readily afford the monthly payment on the home improvement loan. The size of the UDAG loan will be determined by the applicant's family size and income. Families with above median adjusted income will fall within Category #5, receiving a subsidy of 15%. Families with income falling below 60% median adjusted income will fall into Category #1 at a subsidy of 35%. Therefore, the larger the family and the lower the income, the lower the effective interest rate. A table of benefits has been constructed based upon HUD issued income levels for the Section 312 Rehab Program. (See Exhibits A & B)

UDAG Housing Rehabilitation Loan Program
Page #2

The City of Fort Wayne has structured its rehabilitation effort in this Program to support two City goals: to improve the housing supply in low-moderate income persons and to stabilize and revitalize deteriorating housing stock. This Program was designed to generate and support a high volume of activity with a comprehensive approach coupled with a realistic implementation plan to fulfil this goal.

Streamlined procedures involving a minimum of staff time and efficient administration will enable to productivity of the staff to an average of 17 loans per month or 200 loans per year. With the proposed staff of three (3) this results in an average of 50 loans per person per year. The implementation program is founded on the principal of substantial applicant responsibility in the rehabilitation financing and construction process. Applicants will provide eligibility information, schedule inspections, select contractors and approve payments. The extent of technical assistance will be dependent on the needs of the applicant and the individual project.

A proficient and professional staff of three will work interdependently to assure efficient and effective processing from intake to final inspection. Financing is through the bank and owners will directly hire and supervise contractors with assistance and monitoring provided by the Program Staff. Potential applicants contact the Rehabilitation Program which will provide information, determine eligibility and provide property inspections. After tentative eligibility is determined, rehab specialists will inspect the property, identify code violations, do general work write-ups and assist in the bidding process only at the homeowner's request. The homeowner selects a contractor and files a complete application at the bank. At that time the Bank verifies credit and begins the loan processing. The estimated time from intake to bank processing is 15 working days. The Loan Packager will provide assistance in determining loan eligibility, application intake, and act as a liaison with the bank, assisting the applicant in the loan process. Although the Program Staff prepares work write-ups, make code inspections, monitors construction and authorizes payments, the Bank originates, verifies, and processes the loan application.

The Program is designed to overcome the common problems of inadequate contractor participation by minimizing the delays and administrative hurdles often associated with public rehabilitation projects. Direct negotiations between contractors and owners and rapid payments mirror the process in private unassisted projects. Controls are executed primarily by owners, who oversee the construction work, with the City monitoring and providing a final inspection approval.

Public involvement will be ensured by a very sophisticated marketing effort which will reach every property owner in the impact areas on a personal basis. The Rehabilitation Program's involvement in the process is minimal and corresponds to the degree of public subsidy, yet continuing to provide a high level of quality control. The Program Administrator will have responsibility for overall project management and compliance with HUD requirements.

(Average Leverage Ratio=4.4 to 1)
 *Assumption-14% Bank Interest

Joint Venture - UDAG/Private
Loan Subsidy Schedule

UDAG CATEGORY INTEREST	MAXIMUM LOAN AMOUNT	TERM OF LOAN	MAXIMUM UDAG FUNDS	MAXIMUM PRIVATE FUNDS	EFFECTIVE INTEREST RATE *	LEVERAGE RATIO	LOAN GOAL= 600
1 - 0%	\$20,000.	15 years	\$ 7,000.	\$13,000.	9 1/8%	2.9 to 1	70 loans=\$245,000
2 - 1%	\$20,000.	15 years	\$ 6,000.	\$14,000.	10 1/8%	3.33 to 1	86 loans=\$258,000
3 - 3%	\$20,000.	15 years	\$ 5,000.	\$15,000.	11%	4.0 to 1	115 loans=\$287,500
4 - 6%	\$20,000.	15 years	\$ 4,000.	\$16,000.	12 5/8%	5.0 to 1	140 loans=\$280,000
5 - 9%	\$20,000.	15 years	\$ 3,000.	\$17,000.	13%	6.67 to 1	187 loans=\$280,000

Sec. 312 Loan Annual determination
of low and moderate income persons
in the Fort Wayne (Allen County)
In. Area

MAXIMUM GROSS INCOME BY FAMILY SIZE

CATEGORY	UDAG Loan Interest	1	2	3	4	5	6	7	8 or more
F1 Below 50% of Median Income	0%	\$ 8,610.00	\$ 9,840.00	\$11,070.00	\$12,300.00	\$13,080.00	\$13,860.00	\$14,610.00	\$15,390.00
F2 50%-80% of Median Income	1%	\$11,480.00	\$13,120.00	\$14,760.00	\$16,400.00	\$17,440.00	\$18,480.00	\$19,480.00	\$20,520.00
F3 80%-100% of Median Income	3%	\$14,350.00	\$16,400.00	\$18,450.00	\$20,500.00	\$21,800.00	\$23,100.00	\$24,350.00	\$25,650.00
F4 100%-120% of Median Income	6%	\$17,220.00	\$19,680.00	\$22,140.00	\$24,600.00	\$26,160.00	\$27,720.00	\$29,220.00	\$30,780.00
F5 120%- 140% of Median Income	9%	\$20,090.00	\$22,960.00	\$25,830.00	\$28,700.00	\$30,520.00	\$32,340.00	\$34,090.00	\$35,910.00

537
DIGEST SHEET

TITLE OF ORDINANCE: Resolution

03-81-07-10

DEPARTMENT REQUESTING ORDINANCE: Urban Grants

SYNOPSIS OF ORDINANCE: Request for approval for filing of an application with
the U.S. Department of Housing and Urban Development for an Urban Development Action
Grant for Housing Rehabilitation Loan Program. City will work with local financial
institutions for a residential rehabilitation loan fund with loans available to
qualified applicants at below market interest rates.

EFFECT OF PASSAGE: City will file grant application with HUD for this competitive
program.

EFFECT OF NON-PASSAGE: City will not file application

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS): None

ASSIGNED TO COMMITTEE: _____